

Los Angeles Auto Outlook



Comprehensive information on the LA County new vehicle market

NEW VEHICLE MARKET FORECAST

Recovery Gains Momentum; 2Q '23 Registrations Up 14.7% vs. 2Q '22

Below is a list of 10 key trends and developments in the Los Angeles County new vehicle market:

- 1. County new retail light vehicle registrations increased 8.2% in the first half of this year versus year-earlier levels. The U.S. market was up by 3.9%.
- 2. The pace of improvement should pick up steam in the second half of the year. The county market is predicted to increase 15% from July through December of 2023 versus weak results in the second half of 2022 when supply chain interruptions significantly impacted sales.
- 3. As shown on the graph below, registrations for all of this year are projected to approach 430,000 units and improve 11.8% from 2022.
- 4. Light truck market share increased from 64.4% during the first six months of 2022 to 65.4% this year.
- 5. Fueled by gains from Tesla, Domestic brand registrations were up 14.8% so far this year and market share reached 30.5%.
- 6. Battery electric vehicles accounted for 21.3% of the market in the first half of this year, up from 15.2% last year.
- 7. Brands with the largest percentage increases in registrations during the first six months of this year (among top 30 brands): Rivian, Tesla, Genesis, Audi, Honda, Land Rover, Chevrolet, Cadillac, GMC, and Acura.

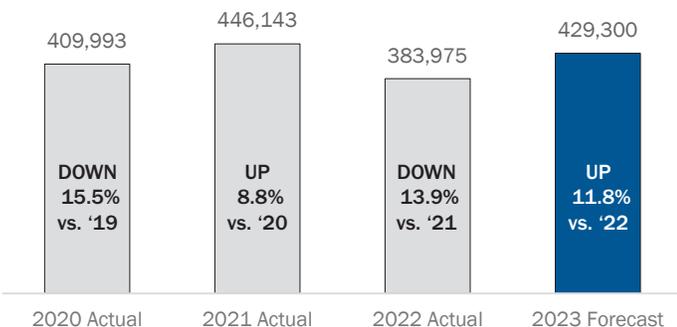
- 8. Three biggest segments in the county are Compact SUV, Luxury Compact SUV, and Small Car.
- 9. County market share leaders in the first half of 2023 were Toyota, Tesla, Honda, Kia, and Mercedes.
- 10. Top ten selling vehicles in Los Angeles County market: Tesla Model Y, Tesla Model 3, Toyota Camry, Honda Civic, Toyota RAV4, Honda Accord, Honda CR-V, Toyota Tacoma, Toyota Corolla, and Kia Forte.



**Outlook for next two years:
New vehicle market predicted to improve, but sales should remain close to average levels**

A significant number of new vehicle purchases have been postponed since the onset of the pandemic in 2020. Estimated pent-up demand in the county market has reached 232,989 units, approximately 51% of average annual registrations (see page 3). It has been our contention that once vehicle production recovered, this “stored potential” would more than offset the drag on sales resulting from higher interest rates, a slowing economy, and weakening vehicle affordability. And the 14.7% year-over-year increase in 2Q registrations sends a strong signal that this is indeed the case. The market should have enough gas in the tank to move higher this year, with recovery almost certainly lasting into 2024.

Forecast for County New Retail Light Vehicle Registrations



The graph above shows annual new retail light vehicle registrations from 2020 through 2022 and Auto Outlook’s projection for 2023. Historical data sourced from Experian Automotive.

Market Summary

	YTD '22 June	YTD '23 June	% Chg. '22 to '23	Mkt. Share YTD '23
TOTAL	197,088	213,312	8.2%	
Car	70,248	73,783	5.0%	34.6%
Light Truck	126,840	139,529	10.0%	65.4%
Domestic	56,697	65,102	14.8%	30.5%
European	37,631	41,217	9.5%	19.3%
Japanese	83,506	86,594	3.7%	40.6%
Korean	19,254	20,399	5.9%	9.6%

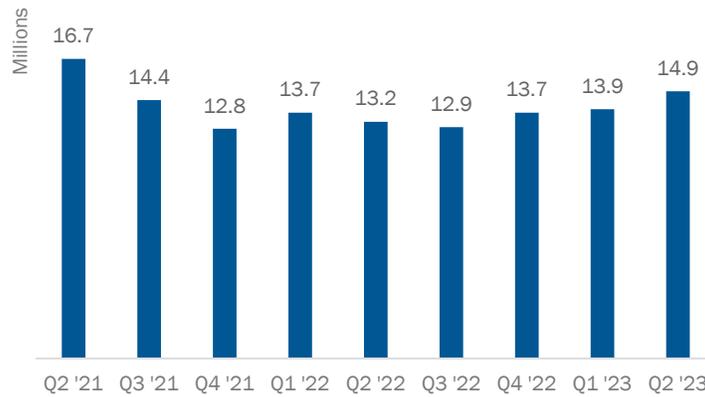
Domestics consist of vehicles sold by GM, Ford, Stellantis (excluding Alfa Romeo and FIAT), Tesla, Rivian, and Lucid. Data sourced from Experian Automotive.

Los Angeles County New Vehicle Market Dashboard



MARKET PERFORMANCE DURING PAST TWO YEARS

Los Angeles County Quarterly Registrations
Seasonally Adjusted Annual Rate, Converted to Equivalent U.S. New Vehicle Market SAAR (millions of units)



The graph on the left provides an easily recognizable way to gauge the strength of the county market. It shows quarterly registrations based on a seasonally adjusted annual rate. These figures are then indexed to SAAR sales figures for the U.S. new vehicle market. So just like in the national market, when the quarterly SAAR is above 17 million units, the county market is strong, 15 million is about average, and below 13 million is weak. Equivalent SAAR levels in the county increased from 13.9 million in the First Quarter of this year to 14.9 million in the Second Quarter.

Data sourced from Experian Automotive. SAAR estimates: Auto Outlook.



COUNTY MARKET VS. U.S.

% Change In New Retail Market YTD 2023 thru June vs. YTD 2022

Los Angeles County
UP 8.2%

U.S.
UP 3.9%

New retail light vehicle registrations in the county were up 8.2% during the first six months of this year, better than the 3.9% increase in the Nation.

Data sourced from Experian Automotive.

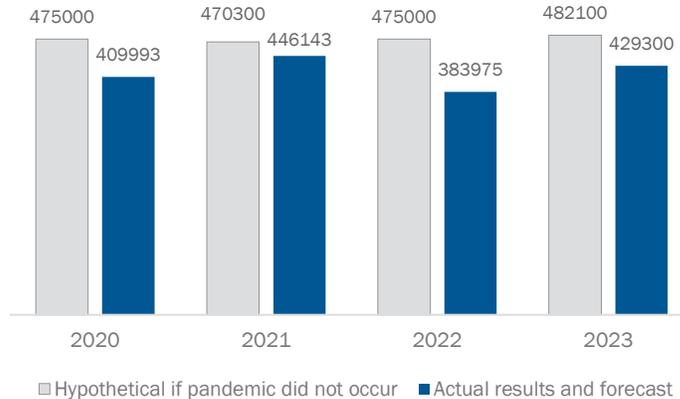
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Los Angeles County New Vehicle Market Dashboard



PENT-UP DEMAND

Actual and forecast new retail light vehicle registrations versus hypothetical levels if pandemic and ensuing supply chain shortages had not occurred



Estimated
232,989
 new vehicle purchases
 will be postponed
 between 2020 & 2023
 representing
51%
 of sales in
 an average year

Data sourced from Experian Automotive. Projections: Auto Outlook.



TRACKING ECONOMIC INDICATORS

Monthly Unemployment Rates in Los Angeles County

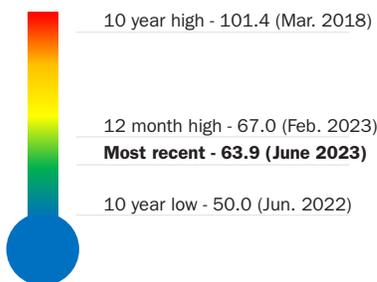


Average Hourly Earnings for All Workers in County - May 2023

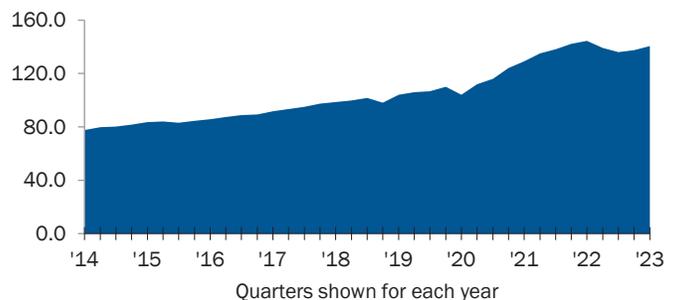


The county unemployment rate was less than 5% in May of this year. Wages were up versus year earlier. Consumer sentiment has stabilized and total household wealth improved in 1Q '23.

University of Michigan Consumer Sentiment (U.S.)
 Key Values During Past 10 Years



Household Net Worth Trillions of \$ (U.S.)

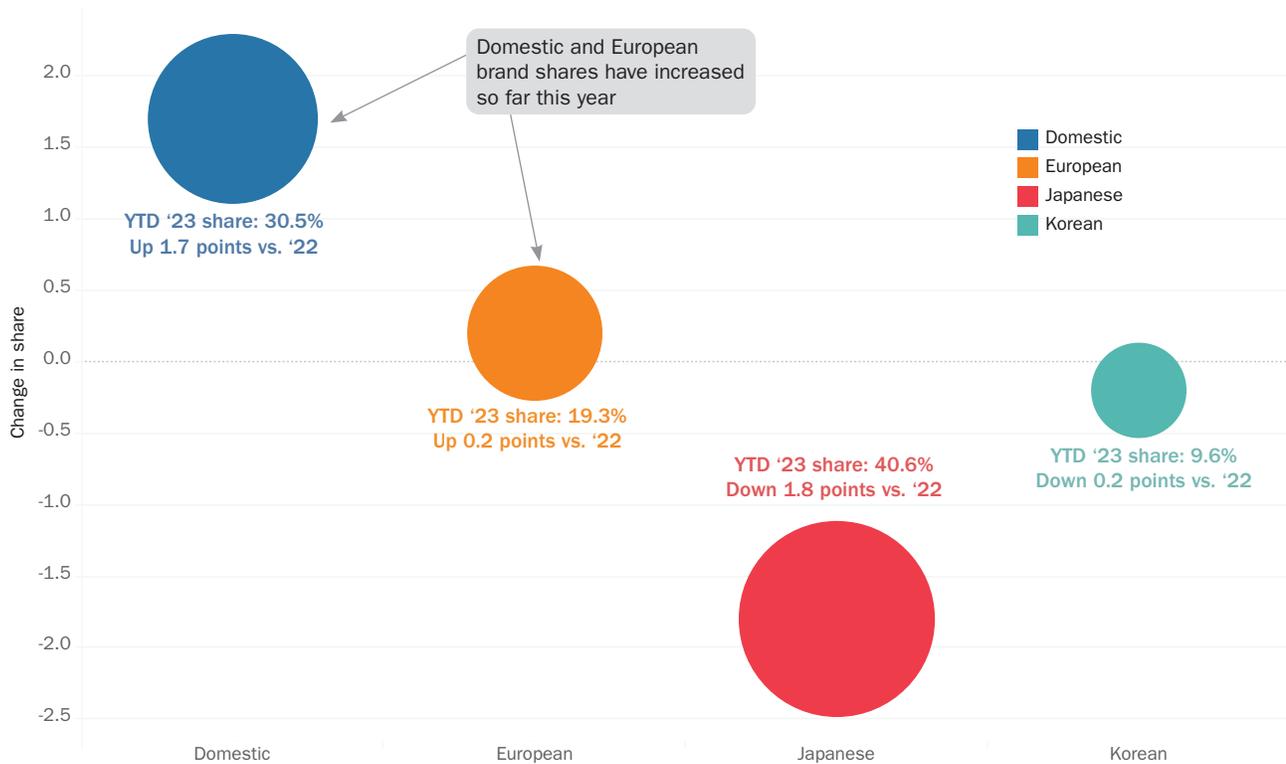


Los Angeles County New Vehicle Market Dashboard



MARKET SHARES BY BRAND SEGMENT

County Market Shares for Domestic, European, Japanese, and Korean Brands in First Half of '23 and change vs. 2022

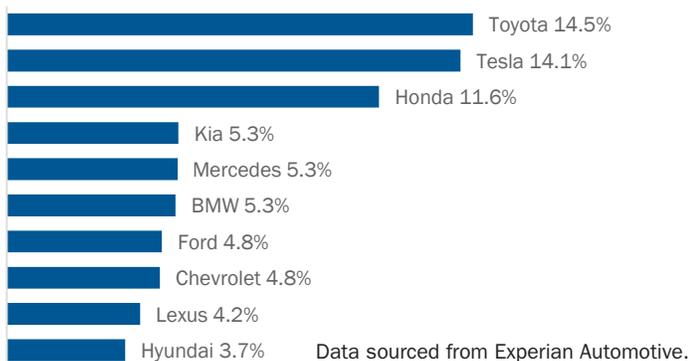


The graph above presents market share by brand category during the first six months of this year and the change in share versus the same period in 2022. Market share this year is reflected by the relative size of the circles (Japanese brands were highest at 40.6%). Change in share is depicted based on the location of the circles - increasing share is higher on the graph. Sales gains for Tesla led to the increase for Domestic brands. Data sourced from Experian Automotive.

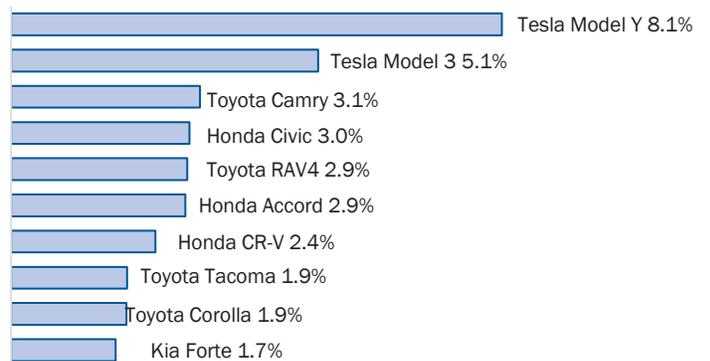


TOP TEN RANKINGS IN LOS ANGELES COUNTY MARKET

Market Share for Top Ten Selling Brands in County Market
YTD 2023 thru June



Market Share for Top Ten Selling Models in County Market
YTD 2023 thru June

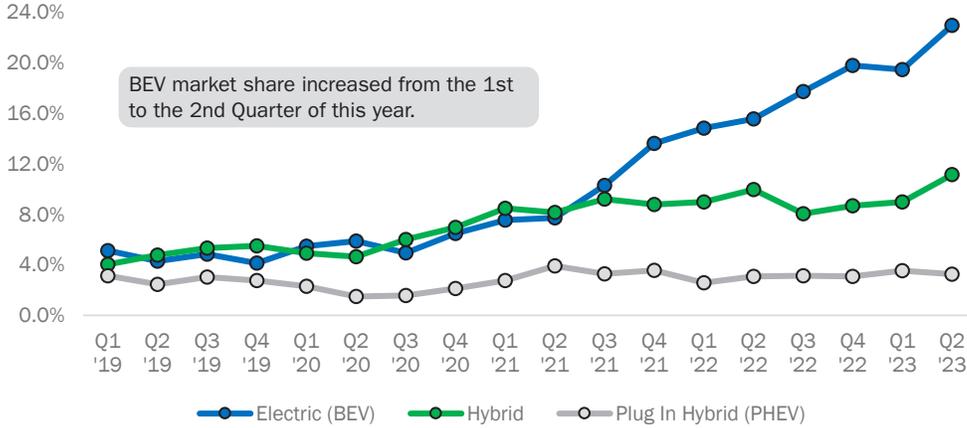


Data sourced from Experian Automotive.



Vehicle Powertrain Dashboard

Quarterly Alternative Powertrain Market Share (includes hybrid and electric vehicles)



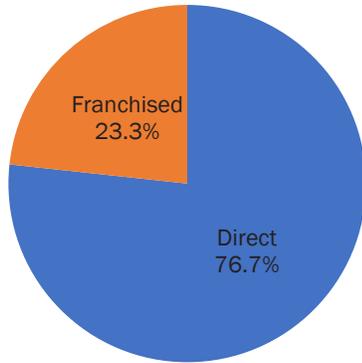
YTD Share by Engine Type (2022 and 2023, thru June)

	YTD '22	YTD '23
Electric (BEV)	15.2%	21.3% ↑
Hybrid	9.5%	10.1% ↑
Plug In Hybrid (PHEV)	2.8%	3.4% ↑

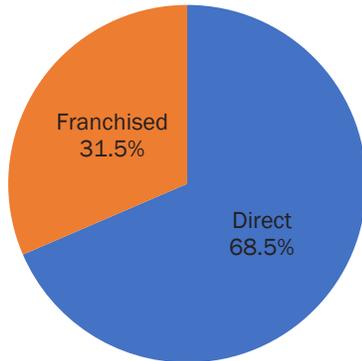
Data sourced from Experian Automotive. Hybrid vehicle market share excludes mild hybrids.

Share of County BEV Market for Franchised Dealerships and Direct Sellers

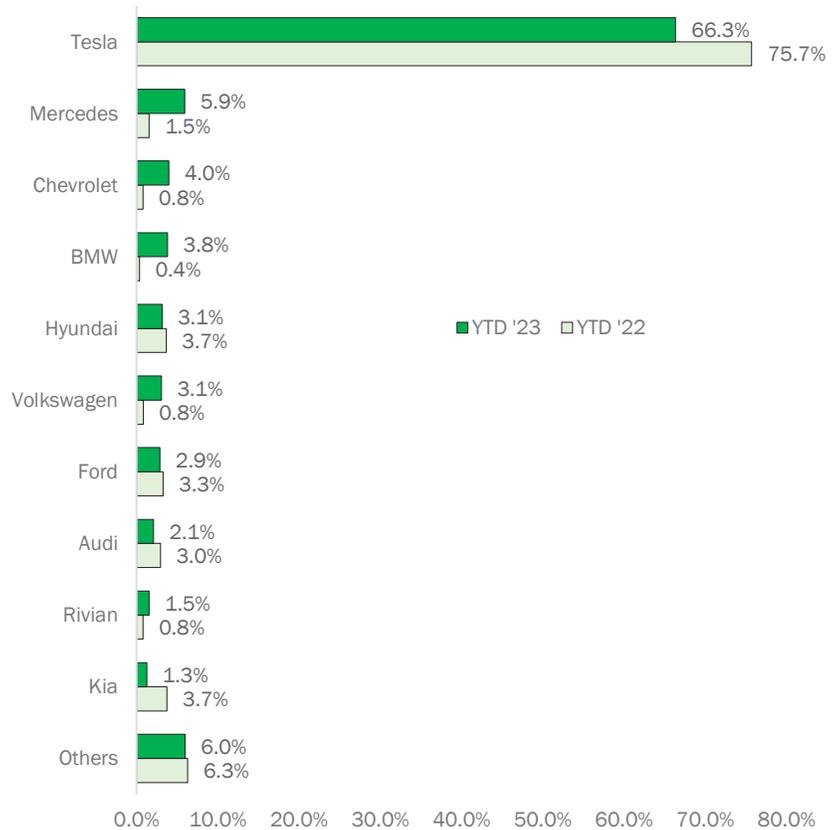
YTD 2022 thru June



YTD 2023 thru June



Brand Share of County BEV Market YTD 2022 and YTD 2023 thru June



Observations: Franchised dealership share of the county BEV market increased from 23.3% during the first half of 2022 to 31.5% this year. Franchised dealership brand registrations were up 105% vs. the 36% increase for direct sellers. Tesla BEV market share declined, but remained above 66%. Mercedes was the second best-selling BEV brand so far this year. Data sourced from Experian Automotive.

Brand Registrations Report												
Los Angeles County New Retail Car and Light Truck Registrations												
	Second Quarter						YTD thru June					
	Registrations			Market Share (%)			Registrations			Market Share (%)		
	2Q '22	2Q '23	% change	2Q '22	2Q '23	Change	YTD '22	YTD '23	% change	YTD '22	YTD '23	Change
TOTAL	98,091	112,508	14.7				197,088	213,312	8.2			
Cars	34,591	39,108	13.1	35.3	34.8	-0.5	70,248	73,783	5.0	35.6	34.6	-1.0
Light Trucks	63,500	73,400	15.6	64.7	65.2	0.5	126,840	139,529	10.0	64.4	65.4	1.0
Domestic Brands	27,896	35,369	26.8	28.4	31.4	3.0	56,697	65,102	14.8	28.8	30.5	1.7
European Brands	18,652	21,834	17.1	19.0	19.4	0.4	37,631	41,217	9.5	19.1	19.3	0.2
Japanese Brands	41,098	44,709	8.8	41.9	39.7	-2.2	83,506	86,594	3.7	42.4	40.6	-1.8
Korean Brands	10,445	10,596	1.4	10.6	9.4	-1.2	19,254	20,399	5.9	9.8	9.6	-0.2
Acura	815	962	18.0	0.8	0.9	0.1	1,530	1,748	14.2	0.8	0.8	0.0
Alfa Romeo	250	155	-38.0	0.3	0.1	-0.2	554	278	-49.8	0.3	0.1	-0.2
Audi	2,404	3,155	31.2	2.5	2.8	0.3	4,506	5,618	24.7	2.3	2.6	0.3
BMW	4,656	5,914	27.0	4.7	5.3	0.6	10,248	11,216	9.4	5.2	5.3	0.1
Buick	148	162	9.5	0.2	0.1	-0.1	237	323	36.3	0.1	0.2	0.1
Cadillac	605	757	25.1	0.6	0.7	0.1	1,232	1,435	16.5	0.6	0.7	0.1
Chevrolet	4,550	4,990	9.7	4.6	4.4	-0.2	8,476	10,172	20.0	4.3	4.8	0.5
Chrysler	142	215	51.4	0.1	0.2	0.1	275	380	38.2	0.1	0.2	0.1
Dodge	857	822	-4.1	0.9	0.7	-0.2	1,883	1,469	-22.0	1.0	0.7	-0.3
Ford	5,179	5,187	0.2	5.3	4.6	-0.7	10,509	10,302	-2.0	5.3	4.8	-0.5
Genesis	433	566	30.7	0.4	0.5	0.1	881	1,125	27.7	0.4	0.5	0.1
GMC	1,071	1,188	10.9	1.1	1.1	0.0	1,992	2,286	14.8	1.0	1.1	0.1
Honda	9,307	13,211	41.9	9.5	11.7	2.2	19,860	24,735	24.5	10.1	11.6	1.5
Hyundai	4,117	4,253	3.3	4.2	3.8	-0.4	7,087	7,856	10.9	3.6	3.7	0.1
Infiniti	376	516	37.2	0.4	0.5	0.1	902	958	6.2	0.5	0.4	-0.1
Jaguar	85	68	-20.0	0.1	0.1	0.0	179	124	-30.7	0.1	0.1	0.0
Jeep	2,836	2,700	-4.8	2.9	2.4	-0.5	5,955	4,985	-16.3	3.0	2.3	-0.7
Kia	5,895	5,750	-2.5	6.0	5.1	-0.9	11,286	11,391	0.9	5.7	5.3	-0.4
Land Rover	869	1,021	17.5	0.9	0.9	0.0	1,814	2,204	21.5	0.9	1.0	0.1
Lexus	4,188	4,933	17.8	4.3	4.4	0.1	8,384	8,855	5.6	4.3	4.2	-0.1
Lincoln	253	262	3.6	0.3	0.2	-0.1	481	525	9.1	0.2	0.2	0.0
Maserati	125	75	-40.0	0.1	0.1	0.0	249	136	-45.4	0.1	0.1	0.0
Mazda	1,915	2,258	17.9	2.0	2.0	0.0	4,338	4,278	-1.4	2.2	2.0	-0.2
Mercedes	5,366	6,132	14.3	5.5	5.5	0.0	10,000	11,361	13.6	5.1	5.3	0.2
MINI	298	403	35.2	0.3	0.4	0.1	790	806	2.0	0.4	0.4	0.0
Mitsubishi	355	261	-26.5	0.4	0.2	-0.2	664	520	-21.7	0.3	0.2	-0.1
Nissan	4,137	4,043	-2.3	4.2	3.6	-0.6	8,206	7,759	-5.4	4.2	3.6	-0.6
Other	341	433	27.0	0.3	0.4	0.1	620	792	27.7	0.3	0.4	0.1
Polestar	223	71	-68.2	0.2	0.1	-0.1	425	151	-64.5	0.2	0.1	-0.1
Porsche	1,347	1,287	-4.5	1.4	1.1	-0.3	2,497	2,481	-0.6	1.3	1.2	-0.1
Ram	1,226	1,153	-6.0	1.2	1.0	-0.2	2,699	2,107	-21.9	1.4	1.0	-0.4
Rivian	160	407	154.4	0.2	0.4	0.2	244	693	184.0	0.1	0.3	0.2
Subaru	3,006	3,212	6.9	3.1	2.9	-0.2	6,826	6,765	-0.9	3.5	3.2	-0.3
Tesla	10,835	17,386	60.5	11.0	15.5	4.5	22,657	30,156	33.1	11.5	14.1	2.6
Toyota	16,999	15,313	-9.9	17.3	13.6	-3.7	32,796	30,976	-5.5	16.6	14.5	-2.1
Volkswagen	1,870	2,282	22.0	1.9	2.0	0.1	4,101	4,547	10.9	2.1	2.1	0.0
Volvo	852	1,005	18.0	0.9	0.9	0.0	1,705	1,799	5.5	0.9	0.8	-0.1

Data sourced from Experian Automotive. Top 10 in percent change are shaded yellow.

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